

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of Public and Indian Housing

Native American Programs

SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Net Outlays
2021 Appropriation	825,000	127,370	740,000	1,692,370	988,455	829,767
2022 Annualized CR	825,000	703,898	-	1,528,898	1,512,000	1,358,000
2023 President's Budget	1,000,000	16,000	-	1,016,000	1,006,000	1,119,000
Change from 2022	175,000	(687,898)	-	(512,898)	(506,000)	(239,000)

a/ The table above reflects only discretionary budget authority; mandatory authority for upward credit re-estimates is excluded.

b/ Includes supplemental funds under the American Rescue Plan Act of 2021 (ARP Act)

c/ 2020 into 2021 carryover includes \$144K from recaptures.

PROGRAM PURPOSE

The Native American Programs account is the single largest source of funding for Indian housing assistance. The programs funded under this account are the Indian Housing Block Grant (IHBG) program, the Federal Guarantees for Financing Tribal Housing Activities program (also known as the Title VI Loan Guarantee program), and the Indian Community Development Block Grant (ICDBG) program. The IHBG program provides grants to Tribes and Tribally Designated Housing Entities (TDHEs) to finance affordable housing construction and related community development. The ICDBG program provides competitive grants to American Indian and Alaska Native communities to help develop decent housing, a suitable living environment, and economic opportunities, primarily for low- and moderate-income families.

The various programs funded under this account provide critical resources to tribal communities and ensure that Native Americans have equitable access to safe, sustainable, and affordable housing and essential services.

BUDGET OVERVIEW

The 2023 President's Budget requests \$1 billion for Native American Programs, which is \$175 million more than the 2022 annualized CR level. The request includes funding for the following activities:

- \$772 million for IHBG formula grants
- \$150 million for IHBG competitive grants
- \$70 million for the ICDBG program
- \$7 million for training and technical assistance
- \$1 million for the Title VI Loan Guarantee program

Housing-related challenges can trigger significant mental health distress. Training and technical assistance resources available in this account will be used to support HUD's department-wide effort to reduce the impacts of housing-related challenges on mental and emotional well-being and improve the experience of the Department's customers. HUD will coordinate validated, evidence-based training for front-line housing professionals on the signs and symptoms of emotional distress and

mental health challenges. This training will help housing professionals connect customers who are experiencing emotional distress with appropriate local resources.

JUSTIFICATION

Housing Needs of American Indians and Alaska Natives in Tribal Areas

Federal investment in Native American Programs is critical to ensure the health and safety of tribal communities. In January 2017, HUD published *Housing Needs of American Indians and Alaska Natives in Tribal Areas*, a report that was based on the results of the most comprehensive, national study of housing needs in Indian Country conducted since the enactment of the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA).¹ The study found that the physical housing problems for Indian households in tribal areas are much more severe than for U.S. households on average. It estimated that between 42,000 and 85,000 Native Americans are “doubled up.” This means they are living with family or friends because they have no place else to stay and would otherwise be staying in a homeless shelter, a place not meant for human habitation, or living on the streets. In tribal areas, homelessness often translates into overcrowding, and 68,000 units of new affordable housing are needed to replace substandard or overcrowded units. With few exceptions, American Indian and Alaska Native communities rank below other groups when comparing statistical indicators of social and economic well-being, including poverty rates.

The 2017 study found that, under NAHASDA, Indian Tribes have matched or exceeded the previous rate of assisted housing production that was accomplished under predecessor HUD programs (before 1998). Tribal leaders and administrators that were interviewed for the study almost uniformly prefer operations under NAHASDA to the prior system. The tenets of the tribal self-determination policy, as embodied in the IHBG program, give Indian Tribes greater flexibility to tailor their affordable housing programs to their local needs, and determine what types of services, programs, and projects they will carry out. This approach has worked well in Indian Country, where geographies, climates, customs, resources, and economic conditions vary widely. However, the 2017 study also found that years of level funding for the IHBG formula has led to the reduced construction of new units and expanded the number of rehabilitated units in order to reach a larger share of the families in need.

Separately, researchers also found ample evidence of partnerships among Indian Tribes and other community stakeholders, not only to leverage funds, but also to: provide homebuyer education; provide new homeowners with the skills to maintain their homes; improve home energy efficiency; and provide training and employment in the building trades. To further these goals, HUD continues to work diligently to disseminate information on best practices and strategies to leverage funds to allow Indian Tribes and TDHEs to improve housing conditions in Indian Country.

Indian Housing Block Grant Program – Formula Grants

The Budget requests \$772 million for the IHBG formula program, which is \$125 million more than the 2022 annualized CR level. The IHBG program is the primary means by which the Federal Government fulfills its trust responsibilities to provide housing to Native Americans. Eligible IHBG recipients are federally recognized Indian Tribes, TDHEs, and a limited number of State-recognized Indian Tribes.

The IHBG program is the single largest source of funding for housing in Indian Country, where safe, decent, and affordable housing is desperately needed. The flexibility of this self-determination program enables Indian Tribes to design, develop, and operate their own affordable housing

¹ Housing Needs of American Indians and Alaska Natives in Tribal Areas, (<https://www.huduser.gov/portal/publications/HNAIHousingNeeds.html>)

programs based on local needs and customs. IHBG funds can be leveraged to attract additional financial resources, stabilize communities when families are able to live near their friends and families, and spur economic development when funds can be spent in the local community. The program substantially contributes to stabilizing communities and building healthy economies within American Indian and Alaska Native communities, many of which are in rural areas where most of the reservations are located. During the past fiscal year, individual grants have ranged in size from about \$74,000 to about \$72 million, with a median grant of about \$260,780.

In 2021, IHBG funds were used to build or acquire almost 350 affordable housing units and substantially rehabilitate over 3,300 units. Since the inception of the IHBG program, IHBG funds have been used to build or acquire almost 41,500 affordable housing units and rehabilitated more than 105,000 units.

The IHBG formula allocation, developed in consultation with Tribes under statutorily mandated negotiated rulemaking, is based on need and the number of existing housing units that were funded under the U.S. Housing Act of 1937 (before NAHASDA was enacted). Each Tribe's need is calculated using several weighted factors, such as the local population's income levels, condition of existing housing, and level of local housing costs.

Since IHBG's inception 25 years ago, funding for the IHBG formula program has been largely level funded and has not been able to keep up with general inflation and the increased costs of construction materials and labor. Over this same period, funding for other housing programs administered by the Federal Government have grown – in part to address these increases. Rising costs require Tribes to use more funding to operate and maintain existing units, including the 38,000 units originally developed under the U.S. Housing Act of 1937. This, in combination with past flat funding, severely limits the buying power of the IHBG program and its ability to make new housing units available.

Indian Housing Block Grant Program – Competitive Grant

The Budget requests \$150 million for the IHBG competitive program, which is \$50 million more than the 2022 annualized CR level. This competition will focus on projects that spur construction and rehabilitation of housing units. It would give priority to projects that further climate resilience, increase energy efficiency, improve water conservation, and sustain these improvements over a long period.

Since December 2019, HUD has awarded a total of \$300 million to 76 Indian Tribes and TDHEs to construct approximately 1,550 new housing units and encourage economic opportunities in distressed communities.

As part of the Administration's whole-of-government approach to the climate crisis, HUD's Budget requests \$1.065 billion (including this IHBG Competitive request) to assist communities to reduce carbon pollution, increase resilience to the impact of climate change, and deliver environmental justice. These investments are crucial to assist communities throughout the country to mitigate and prepare for the worst effects of climate change.

Please see the "Climate Initiative" justification for more details.

Indian Community Development Block Grant Program

The Budget requests \$70 million for the ICDBG program, which is equal to the 2022 annualized CR level. This includes \$66 million for single-purpose grants and up to \$4 million for imminent threat grants. The ICDBG program funds housing-related projects in Indian Country, such as the construction of community buildings and the infrastructure necessary for housing developments.

Single purpose grants are awarded on a competitive basis and imminent threat funds are allocated on a first-come, first-served basis for qualifying disasters and other emergencies.

In 2021, ICDBG funds were used to: construct an electrical distribution system; build a community center; build a nursing center; extend powerlines in communities; build a water tower; and much more. These activities have improved the physical environment where low- and moderate-income Native American families live.

The ICDBG program provides much-needed funding for tribal infrastructure. The lack of basic infrastructure, including running water and sewer systems, in some tribal communities left many Native Americans particularly vulnerable during the COVID-19 pandemic. The effects have been particularly devastating for many Native American communities, which have experienced disproportionately higher rates of infection and death than the general population. This funding will help Tribes to recover from COVID-19, as well as meet other community needs.

Training and Technical Assistance

The Budget requests \$7 million for training and technical assistance, which is equal to the 2022 annualized CR level. These funds are used to help promote best practices that support development in Indian Country and encourage innovative methods of construction, management, and finance (e.g., the advantages of leveraging NAHASDA funds with other homeownership programs). Additionally, these funds are used to help residents of low-income housing to meet their needs and achieve their financial goals.

Title VI Loan Guarantee Program

The Budget requests \$1 million for the Title VI Loan Guarantee program, which is equal to the 2022 annualized CR level. The program encourages private lenders to finance tribal housing development activities. A Tribe or TDHE pledges a share of its IHBG grant as security to leverage critical private financing to fund large-scale housing projects. Historically, private lenders have been hesitant to provide much needed capital on tribal lands. Programs like the Title VI Loan Guarantee program allow Tribes and TDHEs to overcome these lending barriers by using their IHBG funds as collateral to leverage private capital.

As of September 30, 2021, a cumulative total of 111 loans worth over \$279 million have been guaranteed to fund affordable housing and housing-related community development projects. Throughout the history of the program, the average Title VI loan guarantee has been \$2.4 million. Between 2018 and 2021, annual loan guarantee firm commitments have averaged about \$10 million. The Title VI program has never experienced a default in its history.

Information Technology – Grants Evaluation and Management System

HUD continues to modernize its Information Technology (IT) systems to improve the administration of tribal housing programs. In coordination with the Office of the Chief Information Officer, ONAP is developing a new system, the Grants Evaluation and Management System (GEMS), to reduce the administrative burden on grant recipients and PIH staff. The GEMS system was deployed on February 19, 2022, and ONAP is in the process of migrating data from previous systems and onboarding pilot grantees. The data migration and pilot grantee onboarding process in the live system is expected to be completed in 2022.

SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2021 Budget Authority	2020 Carry over Into 2021	2021 Total Resources	2021 Obligations	2022 Annualized CR	2021 Carry over Into 2022	2022 Total Resources	2023 President's Budget
Formula Grants	647,000	5,283	652,283	647,830	647,000	4,453	651,453	772,000
Loan Guarantee- Title VI (Credit Subsidy)	1,000	5,703	6,703	1,208	1,000	5,495	6,495	1,000
Technical Assistance	5,000	7,333	12,333	7,000	5,000	5,316	10,316	7,000
National or Regional Organization NAIHC	2,000	2,000	4,000	-	2,000	4,000	6,000	-
Competitive Grants	100,000	91,013	191,013	96,013	100,000	95,000	195,000	150,000
Indian Community Development Block Grants	70,000	10,555	80,555	3,706	70,000	76,849	146,849	70,000
Indian Housing Block Grant - CARES ACT	-	2,957	2,957	916	-	2,041	2,041	-
Indian Community Development Block Grant - CARES ACT	-	2,526	2,526	2,400	-	126	126	-
Indian Housing Block Grant (ARP Act)	450,000	-	450,000	219,382	-	230,618	230,618	-
Indian Community Development Block Grant (ARP Act)	280,000	-	280,000	-	-	280,000	280,000	-
Training and Technical (ARP Act)	10,000	-	10,000	10,000	-	-	-	-
ONAP Climate Initiative	-	-	-	-	-	-	-	-
Total	1,565,000	127,370	1,692,370	988,455	825,000	703,898	1,528,898	1,000,000

a/ 2020 into 2021 carryover includes \$144K from recaptures

LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

Legislative Proposal

The 2023 Budget supports the following legislative proposal and will seek changes through the authorization process:

Flexibility for New Housing Construction by Indian Tribes in the ICDBG Program:

- Under current law, ICDBG funds cannot be used for new housing construction unless the new housing construction is carried out by a community-based development organization (CBDO). HUD proposes to eliminate the CBDO requirement for Tribes administering ICDBG grants.
- The CBDO requirement is a holdover requirement from the broader CDBG program and is not particularly compatible with the ICDBG program. Though a “CBDO” is defined broadly in the ICDBG regulations to cover many types of organizations with a connection to housing or community development, these types of organizations tend to be more prevalent in urban settings. In many tribal communities, the only entities carrying out housing and community development work are the tribal ICDBG grantees themselves. To receive a CBDO designation under current policy, a Tribe, TDHE, or other tribal organization must spend time and resources demonstrating to HUD that they should be regarded as CBDOs before they can be authorized to carry out new housing construction using ICDBG funds.
- This provision is burdensome to tribal grantees and HUD, and it can serve as a major hurdle to funding new housing construction in tribal communities at a time when there is a major shortage of affordable housing in tribal communities.

APPROPRIATIONS LANGUAGE

The 2023 President’s Budget includes the appropriation language listed below.

Native American Programs

(INCLUDING CANCELLATIONS)

For activities and assistance authorized under title I of the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA) (25 U.S.C. 4111 et seq.), title I of the Housing and Community Development Act of 1974 with respect to Indian tribes (42 U.S.C. 5306(a)(1)), and related training and technical assistance, \$1,000,000,000, to remain available until September 30, 2027: Provided, That the amounts made available under this heading are provided as follows:

(1) \$772,000,000 shall be available for the Native American Housing Block Grants program, as authorized under title I of NAHASDA: Provided, That, notwithstanding NAHASDA, to determine the amount of the allocation under title I of such Act for each Indian tribe, the Secretary shall apply the formula under section 302 of NAHASDA with the need component based on single-race census data and with the need component based on multi-race census data, and the amount of the allocation for each Indian tribe shall be the greater of the two resulting allocation amounts;

(2) \$150,000,000 shall be available for competitive grants under the Native American Housing Block Grants program, as authorized under title I of NAHASDA: Provided, That the Secretary shall obligate such amount for competitive grants to eligible recipients authorized under NAHASDA that apply for funds: Provided further, That in awarding such amount, the Secretary shall consider need and administrative capacity, shall give priority to projects that will spur construction and rehabilitation of housing, and may give priority to projects that improve water or energy efficiency or increase climate or disaster resilience for housing units owned, operated, or assisted by eligible recipients authorized under NAHASDA: Provided further, That any funds transferred for the necessary costs of administering and overseeing the obligation and expenditure of such amounts in prior Acts may also be used for the necessary costs of administering and overseeing such amounts;

(3) \$1,000,000 shall be for the cost of guaranteed notes and other obligations, as authorized by title VI of NAHASDA: Provided, That such costs, including the cost of modifying such notes and other obligations, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended: Provided further, That funds made available in this and prior Acts for the cost of such guaranteed notes and other obligations, that are unobligated, including recaptures and carryover, are available to subsidize the total principal amount of any notes and other obligations, any part of which is to be guaranteed, not to exceed \$50,000,000, to remain available until September 30, 2024: Provided further, That any remaining loan guarantee limitation authorized for this program in fiscal year 2020 or prior fiscal years is hereby permanently cancelled;

(4) \$70,000,000 shall be available for grants to Indian tribes for carrying out the Indian Community Development Block Grant program under title I of the Housing and Community Development Act of 1974, notwithstanding section 106(a)(1) of such Act, of which, notwithstanding any other provision of law (including section 203 of this Act), up to \$4,000,000 may be used for emergencies that constitute imminent threats to health and safety: Provided, That not to exceed 20 percent of any grant made with funds appropriated under this paragraph shall be expended for planning and management development and administration; and

(5) \$7,000,000, in addition to amounts otherwise available for such purpose, shall be available for providing training and technical assistance to Indian tribes, Indian housing authorities, and tribally designated housing entities, to support the inspection of Indian housing units, contract expertise, and for training and technical assistance related to funding provided under this heading and other headings under this Act for the needs of Native American families and Indian country: Provided, That of the funds made available under this paragraph, not less than \$2,000,000 shall be available for a national organization as authorized under section 703 of NAHASDA (25 U.S.C. 4212): Provided further, That amounts made available under this paragraph may be used, contracted, or competed as determined by the Secretary: Provided further, That notwithstanding the provisions of the Federal Grant and Cooperative Agreements Act of 1977 (31 U.S.C. 6301–6308), the amounts made available under this paragraph may be used by the Secretary to enter into cooperative agreements with public and private organizations, agencies, institutions, and other technical assistance providers to support the administration of negotiated rulemaking under section 106 of NAHASDA (25 U.S.C. 4116), the administration of the allocation formula under section 302 of NAHASDA (25 U.S.C. 4152), and the administration of performance tracking and reporting under section 407 of NAHASDA (25 U.S.C. 4167).

Note.—A full-year 2022 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2022 (Division A of P.L. 117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.